



General Assembly

January Session, 2015

## ***Amendment***

LCO No. 7439



Offered by:  
REP. MEGNA, 97<sup>th</sup> Dist.

To: Senate Bill No. 69

File No. 13

Cal. No. 415

### ***"AN ACT CONCERNING PERSONAL RISK INSURANCE RATE FILINGS."***

1 After the last section, add the following and renumber sections and  
2 internal references accordingly:

3 "Sec. 501. 38a-308 of the general statutes is repealed and the  
4 following is substituted in lieu thereof (*Effective October 1, 2015*):

5 (a) (1) No policy or contract of fire insurance shall be made, issued,  
6 renewed or delivered by any admitted or nonadmitted insurer or any  
7 agent or representative thereof, on any property in this state, unless it  
8 conforms as to all provisions, stipulations, agreements and conditions  
9 with the form of policy set forth in section 38a-307, except that a policy  
10 or contract of fire insurance for a commercial property made, issued,  
11 renewed or delivered by a nonadmitted insurer or any agent or  
12 representative thereof may define "depreciation" differently than as set  
13 forth in section 38a-307.

14 (2) There shall be printed at the head of such policy the name of the

15 insurer or insurers issuing the policy, the location of the home office  
16 thereof, a statement showing whether such insurer or insurers are  
17 stock or mutual corporations or are reciprocal insurers or Lloyd's  
18 underwriter, provided any company organized under special charter  
19 provisions may so indicate upon its policy and may add a statement of  
20 the plan under which it operates in this state, and there may be added  
21 thereon such device or devices as the insurer or insurers issuing such  
22 policy desire. Such policy shall be clearly designated on the back of the  
23 form as "The Standard Fire Insurance Policy of the State of  
24 Connecticut"; and this designation may include the names of such  
25 other states as have adopted this standard form.

26 (3) The standard fire insurance policy provided for in section 38a-  
27 307 need not be used for effecting reinsurance between insurers. If the  
28 policy is issued by a mutual, cooperative or reciprocal insurer having  
29 special regulations with respect to the payment by the policyholder of  
30 assessments, such regulations shall be printed upon the policy and any  
31 such insurer may print upon the policy such regulations as are  
32 appropriate to or required by its form of organization. Insurers issuing  
33 the standard fire insurance policy pursuant to section 38a-307 are  
34 authorized to affix thereto or include therein a written statement that  
35 the policy does not cover loss or damage caused by nuclear reaction or  
36 nuclear radiation or radioactive contamination, all whether directly or  
37 indirectly resulting from an insured peril under such policy; provided  
38 nothing herein contained shall be construed to prohibit the attachment  
39 to any such policy of an endorsement or endorsements specifically  
40 assuming coverage for loss or damage caused by nuclear reaction or  
41 nuclear radiation or radioactive contamination.

42 (b) Any policy or contract that includes, either on an unspecified  
43 basis as to coverage or for an indivisible premium, coverage against  
44 the peril of fire and substantial coverage against other perils need not  
45 comply with the provisions of subsection (a) of this section, provided:  
46 (1) Such policy or contract shall afford coverage, with respect to the  
47 peril of fire, not less than the substantial equivalent of the coverage

48 afforded by said standard fire insurance policy; (2) except as provided  
49 under subdivision (1) of subsection (a) of this section for a policy or  
50 contract of fire insurance for a commercial property made, issued,  
51 renewed or delivered by a [surplus lines] nonadmitted insurer or any  
52 agent or representative thereof, the following provisions in said  
53 standard fire insurance policy are incorporated therein without  
54 change: (A) Mortgagee interests and obligations, (B) the definitions of  
55 actual cash value and depreciation, (C) the time period for when a loss  
56 is payable after proof of loss, and (D) the time period for when a suit or  
57 action for the recovery of a claim may be commenced; (3) such policy  
58 or contract is complete as to all of its terms without reference to any  
59 other document; and (4) the commissioner is satisfied that such policy  
60 or contract complies with the provisions hereof. The provisions of this  
61 subsection shall apply to any such policy or contract issued or renewed  
62 on or after July 1, 2014.

63 (c) Any policy or contract under subsection (a) or (b) of this section  
64 that is made, issued, renewed or delivered by a nonadmitted insurer or  
65 any agent or representative thereof on or after October 1, 2015, is for  
66 commercial real property and defines "depreciation" differently than as  
67 set forth in section 38a-307, shall not include a coinsurance clause. If  
68 any such policy or contract includes a coinsurance clause, such clause  
69 shall be void and unenforceable.

70 ~~[(c)]~~ (d) None of the provisions of this section shall apply to policies  
71 of automobile or aircraft physical damage insurance or to policies of  
72 inland marine insurance.

73 ~~[(d)]~~ (e) The provisions of section 38a-346 shall apply in the event of  
74 cancellation of a policy issued pursuant to this chapter.

75 ~~[(e)]~~ (f) Any policies made, issued, renewed or delivered through a  
76 fire, liability and allied lines underwriting facility established by the  
77 Insurance Commissioner pursuant to section 38a-328 shall not be  
78 subject to the cancellation of policy provisions or notice of cancellation  
79 requirements of section 38a-307, provided such policies comply with

80 any regulation adopted by the Insurance Commissioner pursuant to  
81 subsection (a) of section 38a-328.

82 Sec. 502. Section 38a-663 of the general statutes is repealed and the  
83 following is substituted in lieu thereof (*Effective October 1, 2015*):

84 The following words and phrases, as used in sections 38a-663 to  
85 38a-696, inclusive, shall have the following meanings unless the  
86 context otherwise requires:

87 [(a)] (1) "Rating organization" means an individual, partnership,  
88 corporation, unincorporated association, other than an admitted  
89 insurer, whether located within or outside this state, who or [which]  
90 that has as a primary object or purpose the making of rates, rating  
91 plans or rating systems. Two or more admitted insurers [which] that  
92 act in concert for the purpose of making rates, rating plans or rating  
93 systems, and [which] that do not operate within the specific  
94 authorizations contained in sections 38a-667, 38a-669, 38a-670 and 38a-  
95 672 shall be deemed to be a rating organization. No single insurer shall  
96 be deemed to be a rating organization.

97 [(b)] (2) "Advisory organization" means every group, association or  
98 other organization of insurers, whether located within or outside this  
99 state, [which] that assists insurers or rating organizations in rate-  
100 making by the collection and furnishing of loss or expense statistics, or  
101 by the submission of recommendations, provided the term shall not  
102 include actuarial, legal or other consultants.

103 [(c)] (3) "Member" means an insurer [who] that participates in or is  
104 entitled to participate in the management of a rating, advisory or other  
105 organization.

106 [(d)] (4) "Subscriber" means an insurer [which] that is furnished at  
107 its request [(1)] (A) with rates and rating manuals by a rating  
108 organization of which it is not a member, or [(2)] (B) with advisory  
109 services by an advisory organization of which it is not a member.

110 [(e)] (5) "Wilful" and "wilfully" in relation to an act or omission  
111 [which] that constitutes a violation of sections 38a-663 to 38a-681,  
112 inclusive, means with actual knowledge or belief that such act or  
113 omission constitutes such violation and with specific intent to commit  
114 such violation.

115 [(f)] (6) "Market" means the interaction between buyers and sellers  
116 consisting of a product market component and a geographic market  
117 component, as determined by the commissioner in accordance with the  
118 provisions of subsection (b) of section 38a-687.

119 [(g)] (7) "Noncompetitive market" means a residual market or a  
120 market for which there is a ruling in effect pursuant to section 38a-687,  
121 that a reasonable degree of competition does not exist.

122 [(h)] (8) "Competitive market" means a market [which] that has not  
123 been found to be noncompetitive pursuant to section 38a-687.

124 [(i)] (9) "Personal risk insurance" means homeowners, tenants,  
125 private passenger nonfleet automobile, mobile manufactured home  
126 and other property and casualty insurance for personal, family or  
127 household needs except workers' compensation insurance.

128 (10) "Homeowners insurance" means property and casualty  
129 insurance for owner-occupied buildings with four or fewer dwelling  
130 units.

131 [(j)] (11) "Commercial risk insurance" means insurance within the  
132 scope of sections 38a-663 to 38a-696, inclusive, [which] that is not  
133 personal risk insurance.

134 [(k)] (12) "Supplementary rate information" includes any manual or  
135 plan of rates, classification, rating schedule, minimum premium, rating  
136 rule, and any other similar information needed to determine the  
137 applicable rate in effect or to be in effect.

138 [(l)] (13) "Supporting information" means [(1)] (A) the experience

139 and judgment of the filer and the experience or data of other insurers  
 140 or organizations relied upon by the filer, [(2)] (B) the interpretation of  
 141 any statistical data relied upon by the filer, and [(3)] (C) descriptions of  
 142 methods used in making the rates, and other similar information  
 143 required to be filed by the commissioner.

144 [(m)] (14) "Residual market" means an arrangement for the  
 145 provision of insurance in accordance with the provisions of section  
 146 38a-328, 38a-329 or 38a-670.

147 Sec. 503. Section 38a-316d of the general statutes is amended by  
 148 adding subsection (d) as follows (*Effective October 1, 2015*):

149 (NEW) (d) The declination, cancellation or nonrenewal of a  
 150 homeowners insurance policy or a limit on the amount or provisions of  
 151 coverage of such policy is prohibited if the declination, cancellation,  
 152 nonrenewal or limit is based on (1) the property's proximity to another  
 153 occupied residential dwelling, or (2) the condition of such other  
 154 occupied residential dwelling."

This act shall take effect as follows and shall amend the following sections:		
Sec. 501	<i>October 1, 2015</i>	New section
Sec. 502	<i>October 1, 2015</i>	38a-663
Sec. 503	<i>October 1, 2015</i>	38a-316d